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CANADIAN

Golddale



o CORPORATION LIMITED

ANNUAL REPORT

DIRECTOR'S REPORT

FINANCIAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 1968

CANADIAN



Golddale
CORPORATION LIMITED

OFFICERS

K. A. ROBERTS
President and General Manager

C. F. WATSON
Vice-President

P. C. FINLAY, Q.C.
Secretary-Treasurer

DIRECTORS

K. A. ROBERTS, Toronto

C. F. WATSON, Brampton

P. C. FINLAY, Q.C., Toronto

S. L. JASKE, Toronto

A. H. HONSBERGER, Brampton

SOLICITORS

HOLDEN, MURDOCH, WALTON, FINLAY, ROBINSON, PEPALL & HARVEY
2402 Bank of Nova Scotia Building
Toronto, Ontario

AUDITORS

EDDIS AND ASSOCIATES
Toronto, Ontario

REGISTRAR AND TRANSFER AGENT

CANADA PERMANENT TRUST COMPANY
Toronto, Ontario

HEAD OFFICE

2402 Bank of Nova Scotia Building
44 King Street West
Toronto, Ontario

COVER—Graydon Hall Towers at the
Graydon Hall Estates, Don Mills,
Ontario.



Canadian Goldale Corporation Limited

DIRECTORS' REPORT to the Shareholders

Your Directors submit herewith the Consolidated Financial Statements of your Company and its subsidiary, Goldale Acceptance Limited, as at December 31, 1968, consisting of the Consolidated Balance Sheet as at December 31, 1968, and accompanying Consolidated Statements of Retained Earnings and Consolidated Statement of Earnings for the year ended on that date.

Dramatic changes have taken place in your company in 1968 and additional exciting developments are continuing to take place in the early months of 1969 which will be referred to in this report.

FINANCIAL

Following the sale by your company of a 50% interest in the shares of Graydon Hall Estates Limited (formerly Normco Limited) to the Canadian National Railway, Trustee for the Canadian National Railways Pension Trust Fund, the proceeds of the sale were used to purchase from the treasury of Peel-Elder Limited 112,500 shares. These shares were split in January 1969 on a three for two basis, resulting in your company holding from this transaction 168,750 shares. Additional

shares have been purchased bringing the total number of shares of Peel-Elder Limited owned by your company as of April 30, 1969 to 198,550. The market value of these shares based on the closing price on the Toronto Stock Exchange on April 30th was \$6,552,150.00. The percentage of issued shares of Peel-Elder Limited that are now owned by your company on that date is approximately 18%.

FINANCING

Three important financing programs were completed in 1968 which favourably changed the entire financial capability of your company.

1. The sale of 125,000 shares of treasury stock to a group of Canadian financial institutions for investment at \$27.00 per share to net your treasury \$3,307,500.00 — completed September 30, 1968.

2. The sale of 50,000 shares of treasury shares in December 1968 to the Canadian National Railway, Trustee for Canadian National Railways Pension Trust Fund, at \$32.00 per share to net your treasury \$1,600,000.00.

3. The issue of 24,500 treasury shares at \$32.00 per share for \$784,000.00 which along with \$1000.00 in cash, purchased a first mortgage with face value of \$785,000.00.

The success of the above financing as reflected in your balance sheets along with the years of specialized experience that has been gained by your senior executives in real estate, land development and construction, makes it feasible and desirable for your company to expand in the major programs that are referred to in the information that is being presented to you for your consideration.

FLEMINGDON PARK

Your company owns and manages eight strategically located apartment buildings in Flemingdon Park in the Don Mills sector of Metropolitan Toronto. These 880 apartment suites were purchased in May, 1967 at a price of \$10,380,000.00. Mortgages payable at year end were \$9,358,870.00. Interest rates are from 6½ to 7% and principal is repayable on easy terms. The debt leverage in relation to equity invested is excellent. As was indicated to you last year, due to the time required to bring leases in line with to-days market, it would require until this year before operating results would become favorable. With the present high cost of replacement, and with the highly desirable location, the market value of these eight hundred and eighty family units continues to increase substantially.

GRAYDON HALL ESTATES LIMITED

Your company has retained a 7% interest in this desirable high rise apartment development that is located in Metropolitan Toronto just south of the McDonald Cartier Freeway between Don Mills Road and the Don Valley Parkway. Forty-three per cent of this company is owned by Peel-Elder Limited and the remaining fifty per cent by Canadian National Railway, Trustee for Canadian National Railways Pension Trust Fund.

During 1968, construction was commenced on three towers of 20, 24 and 25 stories respectively and containing about 900 apartment suites. One tower is now being rented and occupied and the remaining two towers are on construction schedule. Construction of this large project is being done by the Peel-Elder group of companies. A fourth tower, will commence in the fall of 1969 or the spring of 1970. When completed, the project represents a value of about \$18,000,000.00. Mortgage financing has been provided under the terms and conditions of the National Housing Act by the Canadian National Rail-

way, Trustee for Canadian National Railways Pension Trust Fund.

DON MILLS ROAD and McDONALD CARTIER FREEWAY

Your company acquired approximately 13 acres on the west side of Don Mills directly across from the Graydon Hall Estates. A large commercial development is planned for this site in the very near future.

CITY OF GALT

Through a wholly owned subsidiary, your company owns 140 acres of land in the city of Galt. Plans are progressing for the residential and commercial development of this land.

PEEL VILLAGE HIGHLANDS—a 50% interest

A large land assembly was made in the Preston-Kitchener area of central Ontario, in a region that is highly industrialized. The lands have an extensive frontage on Highway 401, our main arterial freeway, and extend between two limited access clover leaves. In this program we are equal partners with Peel-Elder Limited. At the time the land acquisitions were made, part of the lands were within Preston and part of the lands were contiguous but outside the boundaries of Preston. At an annexation hearing conducted in July 1968 and reported on in October by the Ontario Municipal Board, the lands were annexed by Preston. This permits long range planning to be developed for a program that will eventually provide living accommodation for about thirty thousand people. Great strides have been made in this project during the past year and we anticipate a commencement of our building program in the current year.

The significance of this large program is the fact that it will provide a low cost land inventory that will continue to add to the growth and profit of your company over the next 15 to 20 years.

MINING PROPERTIES

During 1968 work was conducted on two groups of claims that your company held in the Coppermine River area of the Northwest territories. The results on the group of claims lying to the south west of Coppermine River Limited led to our decision to retain them while awaiting the results of the intensive exploration work that has been going on in the Coppermine camp, and particularly on the adjoining property of Coppermine River Limited. The 3600 acres that were acquired to the south east of Coppermine River Limited were dropped since the work conducted was inconclusive.

CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1968

**CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1968

COLLINS, LOVE, EDDIS, VALIQUETTE & CO.

CHARTERED ACCOUNTANTS

TORONTO, CANADA

**CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY**

**CONSOLIDATED BALANCE SHEET
AS AT DECEMBER 31, 1968**

ASSETS

	1968	1967
<u>Cash, Notes and Accounts Receivable</u>		
Cash	2,077	280,569
Short term deposits	4,400,000	
Notes receivable (Note 2)	341,523	1,156,153
Accounts receivable	427,091	204,998
	<u>5,170,691</u>	<u>1,641,720</u>
Land held for development, at cost (Note 6)	957,965	
Investment in joint realty development (Note 4)	129,344	21,149
Mortgages receivable (consisting of \$785,000 due in 1976 and \$40,000 due in 1973)	825,000	
Investment in other companies, including listed shares with a quoted market value of \$5,701,900 (1968); \$278,100 (1967) (Note 3)	1,472,598	627,008
<u>Revenue Properties</u>		
Land, buildings, furniture and appli- ances at cost less accumulated depreciation \$496,627 (1968); \$182,783 (1967) (Note 5)	9,991,987	10,289,070
Mining claims (Note 7)	75,007	89,407
<u>Other</u>		
Office furniture and automobile, at cost less accumulated depreciation \$3,020 (1968); \$1,432 (1967)	4,404	2,098
Sundry accounts receivable	4,459	9,545
	<u>\$18,631,455</u>	<u>\$12,679,997</u>

Approved on behalf of the Board,

K.A. Roberts

Director

P.C. Finlay

Director

LIABILITIES

	1968	1967
<u>Demand Loans and Accounts Payable</u>		
Bank indebtedness (Note 8)	224,710	603,899
Other loans payable	35,000	73,599
Accounts payable and accrued charges	174,689	120,254
Mortgage payments due within one year	248,584	390,609
Tenants' rental deposits	121,785	113,738
Estimated corporation taxes payable	<u>460</u>	<u>3,758</u>
	<u>805,228</u>	<u>1,305,857</u>
Mortgages payable (Note 9)	<u>9,942,286</u>	<u>9,358,842</u>
<u>Capital and Retained Earnings</u>		
Capital Stock		
Authorized		
1,000,000 shares of no par value - consideration not to exceed	<u>\$8,000,000</u>	
Issued and fully paid (Note 10)		
535,180 shares (1968) for	7,770,226	
335,680 shares (1967) for		2,078,726
Retained earnings (deficit)	<u>113,715</u>	<u>(63,428)</u>
	<u>7,883,941</u>	<u>2,015,298</u>
	<u>\$18,631,455</u>	<u>\$12,679,997</u>

The accompanying Notes are an integral part of these financial statements.

CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1968

1. Principles of Consolidation

Included in the consolidation are the accounts of Goldale Acceptance Limited, a wholly-owned subsidiary company, for the fiscal years ended December 31, 1968 and December 31, 1967.

Inter-company interest charges of \$26,520 in 1967 have been eliminated.

2. Notes Receivable

	Dec 31 <u>1968</u>	Dec 31 <u>1967</u>
Commercial instalment loans	348,869	1,295,122
Other commercial obligations	41,076	20,126
Re-posessions	<u>68,250</u>	<u>44,097</u>
	458,195	1,359,345
Less:		
Allowance for doubtful receivables	103,977	79,327
Unearned service charges	<u>12,695</u>	<u>123,865</u>
	116,672	203,192
	<u>\$341,523</u>	<u>\$1,156,153</u>

The notes receivable arose from financing of purchases of trucks, automobiles and commercial equipment and are repayable in equal monthly instalments over a term which varies from 12 months to 60 months.

In late 1967 the company decided to discontinue this type of financing and proceeded to realize on its outstanding accounts.

3. Investment in Other Companies

	Dec 31 <u>1968</u>	Dec 31 <u>1967</u>
Listed shares, at cost (quoted market value 1968 - \$5,701,900; 1967 - \$278,100)	1,361,776	199,227
Unlisted shares, at cost (1967 - at cost less allowance for loss on realization of \$77,997)	<u>110,822</u>	<u>427,781</u>
	<u>\$1,472,598</u>	<u>\$627,008</u>

CANADIAN GOLDALE CORPORATION LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1968 (continued)

4. Investment in Joint Realty Development

In 1967 the company entered into an equal partnership with Peel Village Developments Co. Limited a subsidiary of Peel-Elder Limited, for the acquisition and development of land for commercial, industrial and residential purposes. The summarized position of the partnership at December 31, 1968 is:

Land held for future development, at cost, including development costs to date	1,110,642	
Less: Mortgages payable	<u>690,600</u>	420,042
Deposits on offers to purchase land (Purchase price \$1,795,000; mortgages arranged \$1,610,000)		<u>49,710</u>
		469,752
Accounts payable		<u>13,234</u>
Partners' equity		<u>\$456,518</u>
Canadian Goldale Corporation Limited	129,344	
Peel Village Developments Co. Limited	<u>327,174</u>	<u>\$456,518</u>

The partners' capital contributions have been equalized in 1969.

5. Revenue Properties

Depreciation is recorded on a straight-line basis at the following rates:

Buildings - 1/35 of cost per annum
 Furniture and appliances - 15% of cost per annum.

6. Land, at Cost

Land - in Borough of North York, Ontario	603,062
- 140 acres in the city of Galt, Ontario	<u>354,903</u>
	<u>\$957,965</u>

CANADIAN GOLDALE CORPORATION LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1968 (continued)

7. Mining Claims

Patented mining claims, Tisdale Township, Ontario, at cost less write-down of \$225,096	50,000
Unpatented mining claims, Murphy Township, Ontario, at cost	5,006
Broken lot, Concession 1, Hindon Township, Ontario - nominal value	1
Unpatented mining claims, Coppermine River Area, District of MacKenzie, Northwest Territories, at cost	<u>20,000</u>
	<u>\$75,007</u>

8. Bank Indebtedness

A portion of the bank indebtedness (\$97,000) is secured by pledging of finance company notes receivable.

9. Mortgages Payable

Mortgages on revenue properties are repayable in varying amounts to 1995 and bear interest at rates from 6 1/2% to 7%. At December 31, 1968 they are comprised as follows:

Mortgages payable	9,358,870	
Less amount due within one year	<u>248,584</u>	9,110,286
Mortgage on land in City of Galt, Ontario, 5% due November 1978.		292,000
Amount owing to vendor of North York property, bearing interest at 7% per annum, due June 1973.		<u>540,000</u>
		<u>\$9,942,286</u>

Principal amounts due on the mortgages in the next five years are as follows:

1969 -	\$248,584
1970 -	\$157,095
1971 -	\$166,177
1972 -	\$175,868
1973 -	\$726,208

CANADIAN GOLDALE CORPORATION LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1968 (continued)

10. Capital Stock

During the year 175,000 shares were issued for \$4,907,500 cash and 24,500 shares were issued at \$32 per share (\$784,000) as partial consideration for a mortgage receivable.

The president and vice-president of the company hold options on a total of 30,000 shares at \$10.50 per share, exercisable on or before April 19, 1973.

11. Re-statement of 1967 Earnings

In 1968 the company changed its method of reporting profits on sales of investments, including these profits in the statement of earnings rather than in the statement of retained earnings or deficit. 1967 earnings have been re-stated as follows:

Loss previously reported	131,093
Profit on sale of investments (previously shown in statement of deficit)	<u>276,989</u>
Net earnings for 1967 (re-stated)	<u>\$145,896</u>

12. Income Taxes

No provision has been made for income taxes, if any, which may arise in connection with amounts realized from investment transactions, since it is impracticable to estimate the amount if any of such taxes.

13. Events Subsequent to December 31, 1968

(a) Goldale Inns and Restaurants Limited

In January, 1969 the company acquired a 75% interest in the outstanding capital stock of Goldale Inns and Restaurants Limited, a newly-incorporated company, for \$375,000.

Goldale Inns and Restaurants Limited has entered into agreements with Big Boy Franchises, Inc. and Roy Rogers Western Foods, Inc. which provide for the exclusive rights to the operation and franchising of restaurants in Canada. Goldale Inns and Restaurants Limited is obligated by these agreements to open at least 50 Big Boy restaurants by September 1978 and 68 Roy Rogers restaurants by January, 1973.

CANADIAN GOLDALE CORPORATION LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 1968 (continued)

13. Events Subsequent to December 31, 1968 (continued)

(a) Goldale Inns and Restaurants Limited (continued)

Canadian Goldale Corporation Limited has guaranteed the performance of the undertakings set out in the above agreements.

(b) Employee's stock option

In January, 1969 the company granted an option on 10,000 shares of its capital stock to an employee of Goldale Inns and Restaurants Limited, at \$32.50 per share. The option is exercisable over a period of five years, with the optionee having the right to take up not more than 20% of the total option with respect to each year of employment.

(c) Purchase of investments

During the period January 1 - March 20, 1969, the company purchased 7,375 shares of Peel-Elder Limited for \$197,146.

14. No direct remuneration was paid or payable by the company or any of its subsidiaries to any Director nor to the President, Vice-President or Secretary- Treasurer of the company during the year 1968. The aggregate remuneration paid or payable by the company or its subsidiary whose financial statements are consolidated with those of the company, to the 5 highest paid employees of the company during the year 1968 was \$19,794.74

CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1968

	<u>1968</u>	<u>1967</u>
Deficit at beginning of year	(63,428)	(215,433)
Net earnings for the year	<u>177,143</u>	<u>145,896</u>
	113,715	(69,537)
Adjustment of prior years' income taxes	_____	<u>6,109</u>
Retained earnings or deficit () at end of year	<u>\$113,715</u>	<u>\$ (63,428)</u>

CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1968

	<u>1968</u>	<u>1967</u>
<u>Gross Revenue</u>		
Rentals	1,483,114	828,794
Earned service charges and interest on receivables	73,930	161,222
Investment income	<u>62,817</u>	<u>31,219</u>
	<u>\$1,619,861</u>	<u>\$1,021,235</u>
 <u>Net Operating Income</u>		
Net rental income before deducting depreciation	184,285	54,812
Profit (loss) from operation of finance business, after deduction of provision for losses on receivables \$121,451 (1968); \$38,211 (1967)	(99,545)	32,799
Investment income	<u>62,817</u>	<u>31,219</u>
	<u>147,557</u>	<u>118,830</u>
 Less:		
Joint realty development - share of preliminary expenses	1,886	4,851
Administrative and general expenses	71,797	39,054
Mining exploration	45,790	22,710
Depreciation	<u>315,432</u>	<u>183,308</u>
	<u>434,905</u>	<u>249,923</u>
 <u>Loss from operations</u>	✓ (287,348)	(131,093)
 <u>Profit on sale of investments</u>	✓ <u>464,491</u>	<u>276,989</u>
 <u>Net earnings</u>	<u>\$177,143</u>	<u>\$145,896</u>

CANADIAN GOLDALE CORPORATION LIMITED
AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION
OF FUNDS FOR THE YEAR ENDED DECEMBER 31, 1968

	<u>1968</u>	<u>1967</u>
<u>Source of Funds</u>		
Net earnings	177,143	145,896
Depreciation	315,432	183,308
Other write-offs	14,400	
Sale of capital stock	4,907,500	
Realization of investments	426,710	1,131,853
Mortgage loans		9,862,763
Reduction of prior years' income taxes		6,109
	<u>5,841,185</u>	<u>11,329,929</u>
<u>Application of Funds</u>		
Purchase of mortgage receivable	41,000	
Purchase of investments	1,272,300	485,368
Investment in joint realty development	102,701	21,149
Purchase of land, buildings and furniture and appliances at Flemington Park	16,760	10,472,862
Purchase of land	125,965	
Purchase of automobile	3,894	
Increase in sundry accounts receivable	409	5,695
Mortgage payments	248,556	503,921
Acquisition of mining claims		34,400
	<u>1,811,585</u>	<u>11,523,395</u>
Increase or decrease () in working capital including notes receivable due after one year	<u>\$4,029,600</u>	<u>\$(193,466)</u>

WORKING CAPITAL

)
(Including notes receivable due after one year)

	<u>1968</u>	<u>1967</u>
Working capital at beginning of year	335,863	529,329
Increase or decrease () as above	<u>4,029,600</u>	<u>(193,466)</u>
Working capital at end of year	<u>\$4,365,463</u>	<u>\$335,863</u>

COLLINS, LOVE, EDDIS, VALIQUETTE & Co.

CHARTERED ACCOUNTANTS

VANCOUVER CALGARY WINNIPEG TORONTO
MONTREAL AND OTHER CITIES IN CANADA

REPRESENTATIVES IN GREAT BRITAIN AND
THE UNITED STATES OF AMERICA

TELEPHONE (416) 363-3235

SUITE 1201
110 YONGE STREET
TORONTO 1, CANADA

AUDITORS' REPORT

To the Shareholders,
Canadian Goldale Corporation Limited.

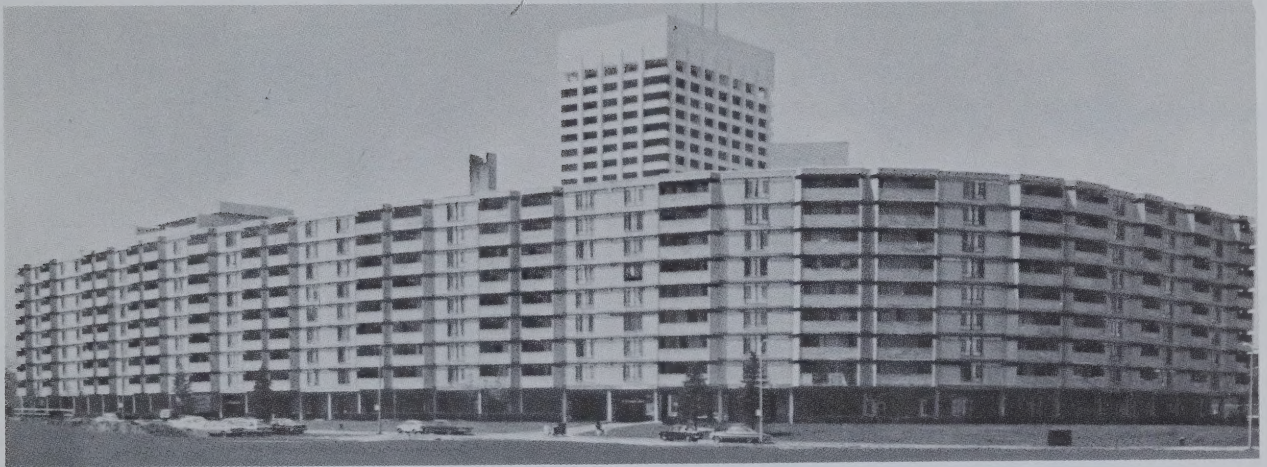
We have examined the consolidated balance sheet of Canadian Goldale Corporation Limited and its subsidiary company as at December 31, 1968 and the consolidated statements of retained earnings, earnings and source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year (except for the change with which we concur - see Note 11).

Collins, Love, Eddis, Valiquette & Co.

Toronto, Canada,
March 20, 1969.

CHARTERED ACCOUNTANTS.



FLEMINGDON PARK

Your company retains its property in Timmins, Ontario, located contiguous to McIntyre Porcupine Mines Limited as well as its patent ground in Murphy Township (south of the Texas Gulf find).

GOLDALE INNS AND RESTAURANTS LIMITED

In January, 1969, your company acquired a 75% interest in the outstanding capital stock of Goldale Inns and Restaurants Limited, a newly incorporated company, for \$375,000.00.

Goldale Inns and Restaurants Limited has entered into agreements with Big Boy Franchises, Inc. and Roy Rogers Western Foods, Inc., both of which are divisions of the Marriott Corporation Inc., of Washington, D.C., one of the world's foremost corporations in the restaurant and hotel business. The agreements referred to above provide for the exclusive rights to the operation and franchising of these restaurants in Canada.

Our first Big Boy and our first Roy Rogers will be opened in the new Shoppers World in Peel Village, Brampton in late May.

Through direct ownership and franchising, we propose to open a large chain of these high quality restaurants across Canada.

TENDER FOR AETNA INVESTMENTS CORPORATION LIMITED

This is dealt with in detail in the enclosed information circular. The acquisition of this company with its valuable properties that are ready for development along with the broadening of the management base, will, we believe, be of great value to the shareholders of both companies. Provided that "Special Resolution Number 3" referred to in the Information Circular is approved by the shareholders meeting, and provided the requisite number of shares of Aetna Investment Corporation Limited are tendered, it is the intention of your management to invite Mr. M. Tanz, the president of Aetna, and Mr. Burton Winberg, a director of Aetna to join the board of directors of your company, at which time two of our present directors have agreed to resign in order to expedite the broadening of the management team of your company. Provided such events take place, it is proposed that Mr. Tanz will be elected a vice president of your company.

On behalf of the Board,

K.A. Roberts

Kenneth A. Roberts,
President and General Manager.

Toronto, Ontario
May 5, 1969

Graydon Hall
Property
Location



Location
of eight
apartment
buildings
acquired
in Flemington
Park
(880 suites)



Toronto
City Hall



LAKE ONTARIO

